

City of Detroit

RISK MANAGEMENT COUNCIL



Risk Management Evaluation of the Municipal Parking Department

December 2005




City of Detroit
Risk Management Council

2 Woodward Ave., Room 208, Detroit, MI 48226
313-224-3101

MEMORANDUM

DATE: December 21, 2005

TO: Honorable City Council
Mayor Kwame M. Kilpatrick

FROM: Sharon L. Gipson, Chairperson
Risk Management Council 

RE: Risk Management Evaluation of the Municipal Parking Department

CC: Ronald R. Ruffin, Director
Municipal Parking Department

Attached for your review is our evaluation of the effectiveness of the Municipal Parking Department's risk management function. Our evaluation was conducted pursuant to Section 9-702 of the City Charter.

It is the goal of the Risk Management Council, through these evaluations to not only evaluate each department, but to cross-pollinate ideas between departments that can reduce the costs of claims to the City of Detroit.

We thank the Municipal Parking Department staff for their cooperation throughout this evaluation.

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SUMMARY

The City of Detroit Charter mandates the Risk Management Council to investigate, at least once every two years, the administration and effectiveness of risk management functions in each City agency and report findings and recommendations to the Mayor and City Council. The Risk Management Council is also mandated to make recommendations to the Mayor concerning implementation of policies, programs and activities to minimize exposure or liability of the City to claims and damages. The Risk Management Council is comprised of the Corporation Counsel, the Chief of Police, the Finance Director, the Human Resources Director, and the Auditor General or their designees.

The evaluation of the Municipal Parking Department (Department) included an analysis of the payouts related to lawsuits filed against the City of Detroit as a result of legal actions against the Municipal Parking Department. The total cost of the lawsuits for fiscal years 2002-2003 and 2003-2004 was \$102,500. The City does not assess the cost of lawsuits to City departments, but rather pays these costs through the Risk Management Fund. The evaluation of the Department also included a review of paid workers' compensation claims during fiscal years 2002-2003 and 2003-2004, totaling \$85,543.38 and \$334,717.51 respectively, and a review of the policies and procedures of the Department and incidents related to the parking facilities.

Municipal Parking Department Related Claims			
	2002-2003	2003-2004	Total
Lawsuits	\$100,000.00	\$ 2,500.00	\$102,500.00
Workers' Compensation	\$ 85,543.48	\$334,717.51	\$420,260.99
Total	\$185,543.48	\$337,217.51	\$522,760.99

The City's total payouts for Municipal Parking Department related claims exceeded \$500,000 during the past two years. The Department needs to eliminate the conditions that increase the probability of the recurrence of claims against the City.

The Municipal Parking Department does not have an overall risk management policy and is not effectively managing risk. Although the Municipal Parking Department's claims were a small portion of the City's overall expenditures, the Department's risk exposure was significant.

The Department exhibits an overall lack of clear, concise record keeping, and a lack of analysis to facilitate the development of a risk reduction strategy. The Department has a reactive approach to incidents rather than a proactive approach. Good risk management involves pre-incident analysis and prevention.

Although the Department is lacking a comprehensive risk management policy, the Department does have two programs for which we commend them: the Michigan Secretary of State's program that allows the Department to be notified when an employee receives a traffic citation or has his or her operator license suspended, and the automated vehicle locators which are in a portion of the Department's vehicles and allow management to monitor the route and speeds the vehicles travel.

PURPOSE, SCOPE, OBJECTIVES, AND METHODOLOGY

PURPOSE

This evaluation was performed under the Risk Management Council's charter mandate to investigate the administration and effectiveness of the risk management function in each City agency and to provide the City Council and the Administration with information that will help reduce the number of claims and the amount of future claims against the City and allow the City to better manage risk.

SCOPE

The evaluation included a review of Municipal Parking Department (Department) related claims and parking facilities, and related risks.

OBJECTIVES

Our evaluation objectives were to: ascertain the causes of lawsuits and claims brought against the City, in fiscal years 2002-2003 and 2003-2004, related to the Municipal Parking Department; and to determine whether policies and procedures are in place to limit future claims against the City.

METHODOLOGY

To accomplish the objectives, our work included evaluating the following:

- Workers' compensation claims for fiscal years 2002-2003 and 2003-2004.
- Lawsuits brought against the City due to alleged actions of the Department for fiscal years 2002-2003 and 2003-2004.
- Areas of the Department that resulted in the lawsuits and claims.
- Policies and procedures of the Department, particularly those related to the areas of the Department that have exposed the City to risk through lawsuits and claims.

OVERVIEW OF THE MUNICIPAL PARKING DEPARTMENT

The mission of the Municipal Parking Department is to provide and promote economical on and off-street public parking services; to enforce City of Detroit parking ordinances; and to coordinate parking with economic development projects throughout the City of Detroit. The Department is organized into two core divisions, the Auto Parking System and the Parking Violations Bureau.

The Auto Parking System is responsible for the management of the City's parking facilities including lots and garages. The Auto Parking System is accounted for as an enterprise fund, the Automobile Parking Fund. The City's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2004 shows the Automobile Parking Fund had a total operating income of \$1,282,199. The Auto Parking System contracts out the management of all the parking garages and most parking lots. These contractors are responsible for the day-to-day operations and maintenance of the parking garages and lots.

The function of the Parking Violations Bureau is to enforce the City's on-street parking ordinances and process all violation notices for payment to the General Fund. The Parking Violations Bureau is part of the City's General Fund.

EVALUATION RESULTS

Lawsuit Payouts

The Municipal Parking Department (Department) had two lawsuit payouts in fiscal years 2002-2003 and 2003-2004 totaling \$102,500. This includes a lawsuit for a vehicle accident involving a parking enforcement officer. The table below shows the types of incidents that caused the payouts, the fiscal years in which the settlements were reached, and the amounts of the settlements.

Municipal Parking Department Related Lawsuits			
Type of Incident	Payout Amount		
	2002-2003	2003-2004	Total
City vehicle with non-city vehicle	\$100,000		\$100,000
Breach of contract		\$2,500	\$ 2,500
Total	\$100,000	\$2,500	\$102,500
% of City Total	0.26%	0.01%	0.11%

Vehicle Accidents

The Department is not managing the risk of vehicle accidents and is causing the City to have a greater risk of exposure to lawsuits. The vehicle accidents in question involved parking enforcement officers. Parking enforcement officers' job functions include enforcing City of Detroit parking ordinances and regulations by patrolling an assigned area on foot or in a vehicle. All parking enforcement officers must have a valid state of Michigan operator license.

The parking enforcement officer involved in the \$100,000 lawsuit was found to have contributed to the accident by the City's Accident Review Board. According to departmental personnel, no disciplinary action was taken against the employee due to constraints of the union contract. The union contract states that an employee is disqualified from driving a motor vehicle on City business if he/she does not have a current valid operator license for any reason, or if in the last 24 months, the employee:

- Accumulated 10 or more traffic violation points.
- Accumulated 9 traffic violation points and was involved in one chargeable accident while driving on City business.
- Accumulated 8 traffic violation points and was involved in two chargeable accidents while driving on City business.
- Was involved in three chargeable accidents while driving on City business.

Many of the Department's vehicle accident reports were incomplete. A memorandum distributed to all Department heads and Human Resource officers by the Risk Management Division states that every line on the City of Detroit Vehicle Accident Report Form must be completed, and that the police must always be called to the scene of the accident. Only 2 of the 47 accident reports reviewed indicate that the police were called to the scene of the accident. A representative from the Finance Department Risk

Management Division indicated that at times the police do not come to the scene of the accident. The Risk Management Division representative indicated that drivers involved in accidents should go to the nearest police precinct to file a police report. The Risk Management Division representative stressed the importance of obtaining a police report to assist with any legal matters that may arise from the accident.

The Municipal Parking Department does not formally track or trend vehicle accident information. The Department provides no training to its employees concerning safe driving. The lack of analysis of vehicle accident information prevents management from identifying employees involved in multiple accidents, and from training employees based on accident trends. The lack of post-incident analysis hinders the Department from instituting policies and procedures to limit future risks.

The Municipal Parking Department has a policy which states that parking enforcement officers, the meter collections unit and the meter repair unit are not required to wear safety belts when operating a vehicle that makes frequent stops for the purpose of pickup or delivery of goods or services. This policy conforms with state law which allows for this exemption.

Recommendations

We recommend that the Department assign a manager to work with the Finance Department Risk Management Division's Central Safety personnel to provide employees involved in accidents in City-owned vehicles with training information specific to the types of accidents that occurred. The Risk Management Division's Central Safety personnel are currently providing this information to the Department of Public Work's management.

We recommend the Department require all employees involved in motor vehicle accidents to obtain police reports and attach a copy to the completed vehicle accident form.

We recommend the Department complete all accident forms in their entirety. We also recommend that the Department be more thorough in its record keeping and perform analyses of the accident records to allow management to identify trends and issues related to vehicle accidents. These analyses will allow the Department to be proactive and provide training and information to drivers concerning areas in which a trend has been identified and a safer approach should be taken.

We recommend that in order to limit the risk of injuries to employees involved in motor vehicle accidents, the Department should specify in the policy that when in route to locations for patrol and when not making frequent stops, all employees should wear safety belts.

Commendations

Currently the Department subscribes to the Michigan Secretary of State's program that allows management to inquire as to the driving records of employees and notifies the Department within three to five days of the occurrence when an employee is involved in an accident or is cited for a traffic violation. This allows the Department to be proactive in keeping drivers with suspended licenses or points above the City's allowable limit off the road. The City of Detroit is in the process of setting up this program for all departments. The Municipal Parking Department began this program prior to the City's subscription to the program.

The Finance Department Risk Management Division conducted an independent Drivers' License Look-up Audit during the course of this evaluation. The Municipal Parking Department provided records showing that the Department was aware of the suspensions identified by the Risk Management Division's audit and had disciplined the employees appropriately. The audit demonstrates that the Department is proactive in keeping suspended drivers out of City vehicles and off of the road.

The Department has also begun the process of implementing a program that uses automated vehicle locators (AVLs). The AVLs act as a "black box" device that provides information concerning the operation of the vehicle, including the speed at which the vehicle has traveled.

We commend the Department on both of these programs.

Workers' Compensation

The following table shows the payroll, medical and redemption costs associated with workers' compensation for the Municipal Parking Department for fiscal years 2002-2003 and 2003-2004. A redemption is a single, lump sum payment from the employer and, in return, the employee gives up all of his or her future rights to workers' compensation benefits.

Summary of Municipal Parking Department Related Workers' Compensation Claims			
	2002-2003	2003-2004	Total
Number of Incidents Resulting in Claims	40	43	83
Medical Cost	\$28,476.73	\$ 47,373.52	\$ 75,850.25
Payroll Cost	\$57,066.75	\$ 58,568.32	\$115,635.07
Redemption Cost	-	\$228,775.67	\$228,775.67
Total	\$85,543.48	\$334,717.51	\$420,260.99

The following table shows a breakdown of the types of incidents that resulted in workers' compensation claims in fiscal years 2002-2003 and 2003-2004.

Breakdown of Workers' Compensation Incidents		
Type of Incident	2002-2003	2003-2004
Car Door	2	0
Citizen Action	2	3
Motor Vehicle Accident	8	11
Other*	18	21
Ruled Non-work Related	1	2
Slip and Fall	7	4
Unknown	2	2
Total	40	43

*Other includes causes of a singular nature

The Department does not track workers' compensation costs. This prevents the Department from managing risks related to workers' compensation claims and leaves the Department and the City exposed to additional risks. The Department receives monthly reports from the Risk Management Division showing claims filed each month and payouts made on those claims each month, but does not use the information to limit future claims. The Risk Management Division is charged with administering all workers' compensation. Currently, the Risk Management Division does not track indirect costs of workers' compensation including the cost of lost productivity.

During our examination of workers' compensation claim files, we noted that Municipal Parking Department supervisory staff did not always complete the section of the Employee Accident or Disability form, which asks for the supervisor's recommendation for preventing recurrence of a similar accident. It asks the supervisor to be more specific than simply stating, "be more careful." All Department managers questioned, regarding the lack of completion of this section of the form, indicated they had not received proper training on how to word this section of the form, and did not always know a safer or better way of conducting the activity that resulted in injury.

Recommendation

The Department should track workers' compensation claims and causes of claims to identify trends in workers' compensation accidents. Management should use this information to ensure that proper maintenance is performed on equipment to ensure safety, and to plan for any training that may decrease the likelihood of workers' compensation claims.

Parking Facilities

The Municipal Parking Department is responsible for various parking structures, garages and lots, owned or leased by the City of Detroit. The majority of these facilities are managed by external management companies. Incidents and accidents that occur at the parking facilities may be the responsibility of the Municipal Parking Department, the management company, or the patron(s) involved in the incident. The Department was unable to provide information related to claims submitted to its insurance company.

The Department does not track overall costs related to incidents occurring at the parking facilities. If the Department is responsible for the cost of the incident either an insurance claim is filed or the costs are paid from the Department's maintenance budget.

Recommendations

We recommend that the Department track all incidents that occur at the various parking facilities, including, which entity is the responsible party, the cause of the incident, and the cost of the incident. This will allow the Department to analyze the types of incidents and the cost. The Department will then be able to institute policies and procedures to limit exposure to risks related to previous incidents.

Policies and Procedures

The Municipal Parking Department does not have a department-wide policies and procedures manual and therefore, does not have departmental risk management policies and procedures. This lack of risk management policies and procedures prevents the Department from effectively managing risk and leaves the Department and the City exposed to a greater risk of loss.

As noted previously, the Department does have programs, especially related to safe driving, that can help to lower risk, but there is no overall policy or focus by the Department to limit risk.

Recommendation

We recommend the Municipal Parking Department develop a written policies and procedures manual and distribute it to all employees. The Department's risk management policy should include a management team review of all accidents involving the Department.



CITY OF DETROIT
MUNICIPAL PARKING DEPARTMENT

ATTACHMENT A

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December 5, 2005

Joseph L. Harris, Auditor General
Office of the Auditor General
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 208
Detroit, MI 48216

Dear Mr. Harris:

The Municipal Parking Department (MPD) has reviewed the *Risk Management Evaluation of the Municipal Parking Department (December 2005)*.

The Department will update our procedures to follow the recommendations that were set forth within the evaluations.

Thank you for your review.

Sincerely,

Ronald Ruffin
Director

xc: Kandia Milton, Mayor's Office
Sharon Gipson, Deputy Auditor General
Jill Roderus Kilbourn, Auditor General's Office
Pam Weipert, Auditor General's Office
Shawny DeBerry, Deputy Director
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